

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 271505Z SEP 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC IMMEDIATE 1150

S E C R E T PRAGUE 2812

EXDIS

E.O. 11652: XGDS-2

TAGS: PFOR, EFIN, CZ

SUBJECT: CLAIMS/GOLD

REFS A. PRAGUE 2567, B. PRAGUE 2153, C. STATE 226704

1. DURING COURSE AMBASSADOR'S CALL SEPTEMBER 27 ON DEP FOREIGN MINISTER SPACIL TO DELIVER ASSISTANT SECRETARY HARTMAN'S FORMALIZED INVITATION (REF C), SPACIL TOLD HIM THAT HE WAS SENDING LONG-AWAITED REPLY TO SCOTT. HE GAVE AMBASSADOR COPY OF ROUGH TRANSLATION STATING THAT "IT WAS FOR HIS PERSONAL USE." ORIGINAL IS BEING SENT TODAY TO SCOTT THROUGH PINKAVA OF US-CZECHOSLOVAK ECONOMIC COUNCIL, PROBABLY THROUGH CZECHOSLOVAK EMBASSY.

2. TEXT OF LETTER IS AS FOLLOWS:

QUOTE: DEAR MR. CHAIRMAN,
I HAVE QUITE RECENTLY RETURNED TO PRAGUE AND SHOULD THEREFORE LIKE TO ANSWER YOUR LETTER, DATED 25 JULY 1976, AND TO EXPRESS TO YOU MY SINCERE THANKS FOR IT. I DO HIGHLY APPRECIATE YOUR EFFORT TO NORMALIZE CZECHOSLOVAK-AMERICAN ECONOMIC RELATIONS AND AIMED AT THE MUTUAL SETTLEMENT OF PROPERTY RELATIONS MATTERS.

HOWEVER, I HAVE TO INFORM YOU THAT THE PROPOSAL, SUGGESTED BY YOU, WOULD MEAN A RENEGOTIATION OF THE INITIALLED AGREEMENT AND THAT WE REJECT. IN ONE OF

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THE ALTERNATIVES, IT FURTHER BINDS THE SOLVING

OF PROPERTY RELATIONS MATTERS TO THE GRADUAL RELEASE OF THE CURRENCY GOLD, WHICH IS A CZECHOSLOVAK PROPERTY AND IS ADMINISTERED BY THE TRIPARTITE COMMISSION, DESIGNATED TO ELIMINATE THE CONSEQUENCES OF THE NAZI OCCUPATION OF CZECHOSLOVAKIA. THIS METHOD OF HANDLING THE CZECHOSLOVAK GOLD IS CONSIDERED BY US AS INADMISSIBLE AND WE HAVE TO REJECT IT, TOO.

MOREOVER, THE PROPOSAL DOES NOT AT ALL RESPECT THE CONJUNCTION WITH THE AMERICAN BILL OF TRADE EMBODYING CERTAIN DISCRIMINATORY MEASURES REGARDING THE UNITED STATES TRADE WITH OTHER COUNTRIES, INCLUDING THE CZECHOSLOVAK SOCIALIST REPUBLIC.

I AM, FURTHERMORE, OF THE OPINION THAT THE AGREEMENT INITIALED IN 1974 CREATES A GOOD BASIS FOR THE AMERICAN SIDE TO SATISFY THE RESPECTIVE CLAIMANTS, FOLLOWING POSSIBLE AN ADJUSTMENT OF SOME OF ITS MARGINAL MODALITIES. THIS, HOWEVER, PRESUPPOSES THAT THE STATE DEPARTMENT IS READY TO TAKE THE RESPECTIVE OFFICIAL STEPS I HAVE INDICATED IN MY LAST LETTER.

I SHOULD LIKE TO REPEAT THAT, ON THE CZECHOSLOVAK SIDE, THERE CONTINUES TO BE AN INTEREST AND WILL TO REACH A REASONABLE, MUTUALLY ACCEPTABLE SETTLEMENT OF THESE FUNDAMENTAL QUESTIONS WHICH WOULD PAVE THE WAY TO A FULL NORMALIZATION AND PROMOTION OF THE CZECHOSLOVAK-AMERICAN RELATIONS.

I SHOULD LIKE TO ASSURE YOU THAT YOUR FURTHER ASSISTANCE IN THIS MATTER WOULD BE GREATLY APPRECIATED.

UNQUOTE

3. SPACIL ALSO TOLD AMBASSADOR THAT SCOTT HAD REQUESTED AND WILL GET APPOINTMENT WITH CHNOUPEK WHILE LATTER IS IN NEW YORK, ALTHOUGH LATTER'S SCHEDULE IS VERY TIGHT. HE CLEARLY IMPLIED THAT SENDING OF RESPONSE AT THIS TIME WAS RELATED TO DECISION TO HOLD CHNOUPEK-SCOTT MEETING.

4. COMMENT: IN SPITE OF STRONG NEGATIVE TONE OF "REJECTING" SCOTT PROPOSAL, SPACIL LETTER QUICKLY
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RETURNED TO FAMILIAR NOTE OF POSSIBILITY OF ADJUSTING "MARGINAL MODALITIES." CLOSING PARAGRAPH SEEMS CLEAR INVITATION FOR SCOTT TO CONTINUE HIS ROLE, EVEN THOUGH THAT CONTRADICTS LINE STROUGAL TOOK WITH AMBASSADOR JULY 27 (REF B). APPARENT CONFLICT MAY, HOWEVER, ONLY INDICATE GOC HAS DECIDED NOT TO FORECLOSE ANY APPROACH TO SATISFACTORY RESOLUTION OF ISSUE.

5. AMBASSADOR DID NOT QUERY SPACIL ABOUT CONTRADICTION,

THINKING THAT SCOTT-CHNOUPEK MEETING COULD BE HELPFUL IN
CLARIFYING CZECHOSLOVAKIAN APPROACH TO SETTling GOLD/CLAIMS ISSUE.
HOWEVER, HE DID REITERATE THAT DEPT WAS IN NO WAY INVOLVED WITH
SCOTT PROPOSAL OTHER THAN AS INTERESTED OBSERVER.

6. WE HOPE DEPT WILL BE IN CLOSE TOUCH WITH SCOTT AND CAN
INFORM US OF RESULTS OF MEETING WITH CHNOUPEK.
BYRNE

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NNN

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